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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Interim Force in Lebanon

Financial performance report for the period from 1 July 2003 to 30 June 2004 and proposed budget for the period from 1 July 2005 to 30 June 2006 of the United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation 2003/04	$90,000,000
Expenditure 2003/04	$89,896,000
Appropriation 2004/05	$92,960,300
Proposal submitted by the Secretary-General 2005/06	$94,277,700
Recommendation of the Advisory Committee 2005/06	$94,277,700

I. Introduction

1. **The Advisory Committee is recommending acceptance of the Secretary-General's proposal for the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2005 to 30 June 2006. However, the Committee, in the present report, makes several observations and recommendations regarding the administration and management of the Force and opportunities for further savings.**

2. **The Advisory Committee's general report on peacekeeping operations (A/59/736) contains its views and recommendations on cross-cutting issues. The**

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Committee therefore deals in the present report with resources and other items relating specifically to UNIFIL.

3. The documents used by the Advisory Committee in its consideration of the financing of UNIFIL are listed at the end of the report.

II. Financial performance report for the period from 1 July 2003 to 30 June 2004

4. On the recommendation of the Advisory Committee, the General Assembly, by its resolution 57/325 of 18 June 2003, appropriated to the Special Account for UNIFIL the amount of $90 million gross ($86,200,900 net) for the period from 1 July 2003 to 30 June 2004. The total amount has been assessed on Member States.

5. Expenditures for the period totalled $89,896,000 gross ($85,555,700 net), which is $104,000, or 0.1 per cent, lower than the appropriation of $90 million.

6. The mission's unutilized balance of $104,000 was a combination of savings and additional requirements under various line items. First, the savings were attributable to lower requirements for repairs and maintenance, an improvement in ration control management, a common rations contractor with the United Nations Disengagement Observer Force (UNDOF) and a national staff vacancy rate of 3 per cent instead of the initially planned zero per cent. Second, requirements in excess of the budget under standard troop cost requirements were due to additional payments to troop-contributing countries after contested amounts regarding troop strength from prior periods were clarified. Budgetary overruns also occurred under international staff salaries and included costs incurred as a result of administering staff present at UNIFIL as well as staff away on temporary duty assignment (106 international and 41 national staff). Excess requirements in commercial communications resulted primarily from equipping UNIFIL vehicles with the CarLog system.

7. The comments of the Advisory Committee on the information on individual expenditure objects contained in the performance report can be found in the discussion of the proposed budget for the period from 1 July 2005 to 30 June 2006 in the paragraphs below.

III. Information on performance for the current period

8. Rather than including standard statistical data on performance for the current period in each of the individual peacekeeping reports, this time, owing to various constraints, it has been necessary to supply this type of information in consolidated tables, which are annexed to the Advisory Committee's general report on peacekeeping operations (A/59/736). The information to be provided covers the following: (a) expenditure for the current period; (b) current incumbency; (c) status of reimbursement for troop/formed police costs, contingent-owned equipment and death and disability; (d) cash position of the missions; and (e) status of contributions.

IV. Proposed budget for the period from 1 July 2005 to 30 June 2006

9. **The Advisory Committee commends UNIFIL for continuing its efforts to use results-based budgeting techniques in its budget document and notes the noticeable improvements made. However, the Committee observes that not all measurable performance indicators were quantified. The Committee reiterates its request from its previous report on UNIFIL (A/58/759/Add.6, para. 12) that indicators of achievement that are capable of being measured should be quantified to allow an objective analysis of progress made, namely under expected accomplishments 1.1 and 1.2 (A/59/626). The Committee notes that measurable indicators are regularly provided in reports of the Secretary-General to the Security Council. This information could easily be integrated into the results-based budgeting format.**

1. Military and civilian police personnel

Category	*Approved 2004/05*	*Proposed 2005/06*
Military contingents	2 000	2 000

10. Cost estimates for military contingents for the period 2005/06 total $39,143,100, representing a decrease of $1,493,900 (3.7 per cent) as compared to 2004/05. The bulk of the decrease, $1,118,100, is a result of a lower cost estimate for military rations. The Advisory Committee notes that the 2003/04 performance report indicates savings of $955,000, or 21.4 per cent, under the rations line item. The Secretariat informed the Committee that fluctuations in rations expenses and improvements in rations management over recent budget periods resulted from: (a) a change in vendor, which temporarily resulted in lower service quality; and (b) regional cooperation with the introduction of a common rations contractor with UNDOF. The Secretariat pointed out that future currency fluctuations may result in budget overruns and/or cost increases in future performance reports and budgets. The current rations contractor is procuring most of its supplies in Europe and, owing to recent currency market volatility, this may adversely affect United States dollar-denominated invoices. **The Committee commends UNIFIL and Headquarters for working together to introduce improved rations inventory and distribution controls and for enhancing regional cooperation in establishing a common rations contractor with UNDOF. The Committee recommends that UNIFIL, in close cooperation with Headquarters, continue to monitor the cost and quality of rations provided by the current vendor.**

11. The Advisory Committee notes a cost overrun of $2,004,900, or 6.8 per cent, in standard troop cost reimbursement. As indicated above, the Secretariat explained that additional requirements were necessary to meet troop cost reimbursement claims relating to prior periods but settled during the 2003/04 budget period.

2. Civilian personnel

Category	*Approved 2004/05*	*Proposed 2005/06*
International staff	125	125
National staff	303	339

Recommendations on posts

12. *Conversion of 36 special service agreement contractors to national General Service staff (A/59/654, table 3).* The Advisory Committee notes that a request was made for the budget period 2004/05 to convert 45 contractors holding special service agreements to national General Service staff. In response, the Committee noted in its previous report (A/58/759/Add.6, para. 16) that it was not convinced that sufficient justification was provided in the budget submission. At that time, the Committee did not recommend acceptance of the proposed conversion.

13. The Advisory Committee was informed that the functions proposed for conversion to national General Service staff were core functions and provided essential services to UNIFIL. Following a review, UNIFIL reduced the proposed number from 45 functions during 2004/05 to 36 for 2005/06, as illustrated in the table below.

	Proposal 2004/05	*Proposal 2005/06*	*Year of entry under Special Service Agreement*
Interpreters/Translators	16	16	1978: 1 1984: 2 1985: 2 1986: 1 1987: 2 1988: 1 1992: 1 1998: 1 2002: 4 2004: 1
Information Technology Assistants	2	2	2002: 2
Radio Technicians	6	3	2001: 3
Communications Assistants/ Switchboard Operators	6	3	2001: 1 2002: 2
Liaison/Humanitarian Assistants	1	1	1980: 1
Drivers/Operators	6	6	1993: 1 1999: 4 2000: 1
Design Engineer (Civil Engineer)	1	1	2001: 1
Heavy Engineering Vehicle Mechanic	1	1	1992: 1
Sewage Truck Operator	1	1	1987: 1
Engineering Assets Supervisor	0	1	2000: 1
Demining Assistant/Interpreter	0	1	2002: 1

	Proposal 2004/05	*Proposal 2005/06*	*Year of entry under Special Service Agreement*
Cook/Carpenter/Welder/Tiler	5	0 (not considered core functions)	—
Total	**45**	**36**	

Cost comparison	
Annual cost of 36 individual contractors following conversion to national General Service staff	$1 696 464 ($47 124 per staff)
Annual cost of 36 individual contractors maintaining status quo as individual contractors	$576 000 ($16 000 per special service agreement)
Increase in annual resource requirement following conversion of 36 individual contractors to national General Service staff	$1 120 464

14. The Advisory Committee notes that the annual cost of converting staff is approximately three times that of employing individual contractors. Upon request, the Secretariat explained that an outsourcing arrangement would not be practical or financially viable because: (a) there were no companies in the southern Lebanon area that would provide the needed services; (b) outsourcing companies did exist in Beirut, however there was an apparent reluctance to do business in southern Lebanon; (c) an outsourcing company would most likely charge overhead costs that would equal or exceed the cost of absorbing the 36 individuals into the staffing table; and (d) the 36 individuals were already fully trained and it would be impractical to hire new labourers via an outsourcing arrangement. **The Committee regrets, however, that no expression of interest or invitation to bid was issued to explore outsourcing opportunities more concretely.**

15. **This situation has placed the Advisory Committee in a difficult position. Proper budgetary procedure requires that continuing functions be carried out by staff occupying established posts. The Secretariat over the years has consistently misused the provision for special service and individual contractor agreements. The result is a large number of cases that have been improperly treated and that need to be regularized. This has an attendant financial implication that reflects the accumulated cost of the failure to observe proper budgetary procedures over a number of years.**

16. **The Advisory Committee has found no basis to conclude that the functions described, which have been performed for many years and will be required in the future, are not of a continuing nature. The Committee emphasizes that proper budgetary procedure would have required specific proposals to have been made and justified for each and every post and/or function as the need arose. The Committee expects that proper procedure will be followed without variation in future. The Committee requests that future budget submissions contain detailed performance information on individual contracts that have**

been issued as well as any projected use of this arrangement in the forthcoming period. In order to correct the situation and to restore budgetary transparency, the Committee will not object to a one-time across-the-board conversion. The Committee provides more detail on this matter, which, in fact, affects a number of missions as well as the United Nations Logistics Base at Brindisi, in its general report.

Other observations and recommendations

17. The Advisory Committee followed up on its request contained in its previous report (A/58/759/Add.6, para. 20) that UNIFIL undertake measures to decrease the number of its staff on temporary duty assignment to other missions and Headquarters. A comparison of staff on temporary duty assignment during 2004 and 2005 is provided in the table below.

The table indicates the following:

- International staff: of 107 encumbered posts in 2005 (115 in 2004), 93 staff, or 87 per cent (106 staff, or 92 per cent, in 2004), were away on temporary duty assignment and replaced by temporary staff
- National staff: of 298 encumbered posts in 2005 (296 in 2004), 18 staff, or 6 per cent (41 staff, or 14 per cent, in 2004), were away on temporary duty assignment and replaced by temporary staff

	2004	*2005*
		Staff on temporary duty assignment
International staff	106 (1 P-3, 105 Field Service)	93 (1 P-5, 1 P-4, 1 P-3, 90 Field Service)
National staff	41	18
Total	**147**	**111 (24 per cent less than in 2004)**
		Posts encumbered
International staff	115	107
National staff	296	298
Total	**411**	**405**

18. The Advisory Committee takes note of the overall 24 per cent reduction in staff on temporary duty assignment in 2005. While the bulk of the decrease was for national staff, there was no significant change in the number of international staff away on temporary duty assignment. Nonetheless, the Committee welcomes the apparent initial effort to reduce staff on temporary duty assignment. UNIFIL clarified that its staff were in demand during missions' start-up phases, as they were seen as experienced and skilled personnel, particularly in the areas of logistics and administration. However, it was not always possible to expeditiously replace staff that were away on temporary duty assignment. Also, temporary staff hired specifically as a replacement for staff on temporary duty assignment were charged to and administered by UNIFIL, whereas staff away on temporary duty assignment

were charged to the mission to which they were assigned but were still administered by UNIFIL. The mission also indicated that the extra cost incurred by UNIFIL in administering replacement staff, in addition to staff away on temporary duty assignment, has not been quantified. **The Committee expresses concern that UNIFIL and other established family missions may be used as a training ground for staff earmarked for other missions. The Committee also notes that the temporary duty assignment model for staffing start-up and other missions is the most expensive way of providing service, particularly in the case of multi-year absences from the parent duty station. There is an increasing number of experienced staff who rotate between missions, as well as between missions and Headquarters. The Committee trusts that a new approach will be explored to ensure more flexibility when it comes to the deployment of such staff to avoid burdening staffing resources at one or two missions.**

19. The Advisory Committee points out that UNIFIL continues to have a large number of Field Service staff, a total of 76. **The Committee recommends that UNIFIL initiate a review of Field Service staff functions with a view to identifying those posts that can be replaced by national staff.**

3. Operational costs

Apportioned 2004/05: $20,376,700

Proposed 2005/06: $21,196,900

Official travel

20. The UNIFIL estimate for official travel for both training and non-training purposes during the 2005/06 period amounts to $335,100, which is a 10.9 per cent decrease from the previous period. Official non-training travel requirements would be reduced to $185,100, or 18 per cent, while official training travel requirements would remain unchanged at $150,000. **The Advisory Committee notes the successful efforts of UNIFIL to reduce travel expenses. The Committee is also encouraged by the increased use of integrated communication facilities, such as videoconferences, to ensure an efficient and effective field and Headquarters communication exchange as a tool to make managerial and working-level decision-making transparent.**

21. The Advisory Committee appreciates the efforts of UNIFIL to ensure that visits by Headquarters representatives to the region are organized in such a way as to also include UNDOF and the United Nations Truce Supervision Organization. **However, the Committee recommends that UNIFIL ensure that all aspects of such visits are charged on a cost-sharing basis, including air transport charges.**

Training

22. While the Advisory Committee commends UNIFIL on the overall reduction in travel expenditure, it also questions the cost overrun of $38,900, or 24.9 per cent, for official travel related to training during 2003/04. The Administration provided information showing the participation of UNIFIL staff in two courses organized by the Inter-Agency Procurement Services Office. One training course was held in Vienna from 9 to 11 June 2004 with 22 participants, including 1 from UNIFIL. Another course was held in Bangkok from 10 to 12 March 2004 with eight

participants, including five from UNIFIL. While acknowledging the value of training, the Committee questions the logic of sending a group of five UNIFIL staff for one course during the same year. The Committee believes that it would have been more cost-effective and equally efficient to "train the trainers" by sending staff who in turn could have instructed other UNIFIL staff. **The Committee emphasizes that training should be based on operational needs. The Committee expects that in future the mission will plan better so as to avoid sending clusters of staff away on one course at the same time.**

23. The Advisory Committee notes from supplementary information provided to it that a total of 306 staff are to be trained during 2005/06. In comparison, a total of 499 staff were trained during 2003/04 and some presumably participated in multiple courses, as the incumbency of UNIFIL during the same time frame was 412 (116 international and 296 national staff). The Committee notes that while UNIFIL is an established mission, a high number of staff continue to be trained. The Committee points out that listing the number of staff members trained and juxtaposing them with the number of staff who have left the mission or transferred since their training will inevitably result in some individuals being counted at least twice, considering that some participated in more than one course. The Committee also notes that the presence of three satellite stations presents a good opportunity for the mission to provide hands-on technical training at UNIFIL instead of sending staff for such training to the United Nations Logistics Base. The Committee also notes that some training can be conducted online or via videoconference. **The Committee recommends that UNIFIL continue to explore opportunities to hold more on-site training at their headquarters. The Committee notes that, for 2005/06, fewer staff are to be trained and that, as recommended in its previous report (A/58/759/Add.6, paras. 24 and 25), outputs and indicators of achievement were included in the training requirements table. The Committee expects that in its continuing efforts, UNIFIL will match the training programme with the actual operational need of the mission.**

Facilities and infrastructure

24. The Advisory Committee acknowledges the overall positive trend to reduce inventory holdings. The Committee also notes fluctuations in some equipment inventory levels indicating that excess equipment had accumulated over time. Upon enquiry, the Committee was informed that UNIFIL had succeeded in reducing its inventory value from $131 million to $79.6 million. The Committee commends the significant progress made by UNIFIL in identifying obsolete equipment. Upon enquiry, the Committee received a detailed table indicating that the ratio of desktop and laptop computers was within standard ratios. **Nonetheless, it requests that the mission continue to monitor and control its computer equipment holdings to ensure that they are in line with the standard ratios.**

25. The Advisory Committee notes that, although projected increases in inventory holdings were listed in the supplementary information provided to it, there was no related cross-referenced narrative under the proposed budget line items. **The Committee requests that in future submissions, narrative explanations are provided for tables.**

Ground transportation

26. The Advisory Committee notes that savings of $1,019,100, or 63.9 per cent, were realized under the 2003/04 repairs and maintenance line item. The unspent balance was due primarily to the transfer of six SISU armoured personnel carriers to UNDOF in 2004/05. Upon enquiry, the Committee received information on the United Nations-owned armoured personnel carriers at UNIFIL. The total number of armoured personnel carriers planned for UNIFIL in 2005/06 is 50. The Secretariat explained that the armoured personnel carriers had been acquired under the old methodology of reimbursement for contingent-owned equipment and were therefore considered to be United Nations-owned equipment (see breakdown in the table below).

	Type of armoured personnel carrier	
	SISU	*VAB*
Beginning United Nations-owned equipment inventory	48	23
To UNDOF in 2004/05	(6)	—
Written off/disposed of in 2004/05	—	(15)
Subtotal	**42**	**8**
Total as at 1 July 2005: 50		

27. The Advisory Committee welcomes the armoured personnel carriers maintenance-sharing agreement between UNIFIL and UNDOF and trusts that due account of it will be taken as a best practice for possible application in other regions where there are multiple peacekeeping operations. That having been said, the Committee points out that UNIFIL is a mission at which a significant number of armoured personnel carriers are United Nations-owned, having been acquired under the old methodology for reimbursement of contingent-owned equipment. **The Committee is concerned that maintenance costs for aged equipment might be inordinately high. The cost effectiveness of utilizing such vehicles should be reviewed as a matter of priority.**

Petrol, oil and lubricants

28. The budget for petrol, oil and lubricants is estimated under: (a) facilities and infrastructure at $2,691,500 with a 50.8 per cent increase ($907,200) from the previous period; (b) under ground transportation at $1,311,300 with a 43.5 per cent increase ($397,400); and (c) under air transportation at $154,000 with 40 per cent increase ($44,000). Additional overall requirements for petrol, oil and lubricants are estimated at $1,348,600 as compared to the previous period. UNIFIL informed the Advisory Committee that fuel prices had increased significantly. During 2004/05, one litre of petrol was budgeted at 27 cents but had increased since then to 42.2 cents. The Advisory Committee notes that the UNIFIL budget estimate reflects an expectation of more fuel price fluctuations during 2005/06.

V. Conclusions of the Advisory Committee

29. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2003 to 30 June 2004 is indicated in paragraph 18 of the performance report (A/59/626). **The Advisory Committee recommends that the unencumbered balance of $104,000, as well as other income and adjustments in the amount of $8,359,000, be credited to Member States in a manner to be determined by the General Assembly.**

30. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2005 to 30 June 2006 is indicated in paragraph 22 of the proposed budget (A/59/654). **In view of its comments above, the Advisory Committee recommends acceptance of the Secretary-General's proposal for the United Nations Interim Force in Lebanon.**

Documentation

- Performance report on the budget of the United Nations Interim Force in Lebanon for the period from 1 July 2003 to 30 June 2004 (A/59/626)
- Proposed budget for the United Nations Interim Force in Lebanon for the period from 1 July 2005 to 30 June 2006 (A/59/654)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2002 to 30 June 2003 and proposed budget for the period from 1 July 2004 to 30 June 2005 of the United Nations Interim Force in Lebanon (A/58/759/Add.6)
- General Assembly resolutions 57/325 and 58/307 on the financing of the United Nations Interim Force in Lebanon
- Report of the Secretary-General on the United Nations Interim Force in Lebanon (S/2005/36)
- Security Council resolution 1583 (2004)